

**Lianhe Ratings Global Limited has affirmed ‘A-’ global scale Long-term Issuer Credit Rating of Yunnan Provincial Energy Investment Group Co., Ltd.; Issuer Rating Outlook Revised to Positive.**

HONG KONG, 11 September 2023 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has affirmed ‘A-’ global scale Long-term Issuer Credit Rating to Yunnan Provincial Energy Investment Group Co., Ltd. (“YEIG” or “the company”). The Outlook is revised to Positive from Stable.

**Key Rating Rationales**

The Issuer Credit Rating reflects a high possibility that the People’s Government of Yunnan Province (“Yunnan government”) would provide strong support to YEIG if needed, in light of its majority ownership of YEIG, YEIG’s strategic position as the most important state-owned energy entity for the investment and development of the green energy industry, and the integration of energy resources of Yunnan, as well as the strong linkage between the Yunnan government and YEIG, including management supervision, strategic alignment, and ongoing operational and financial support. In addition, the Yunnan government may face significant negative impact on its reputation, business and financing activities should YEIG encounter any operational or financial difficulties.

The Positive Outlook reflects our expectation of strengthened support from the Yunnan government considering YEIG’s enhanced strategic importance and stabilized financing environment of the Yunnan Province. We believe that the Yunnan government will continue to ensure YEIG’s stable operation. YEIG’s pivotal role in energy transition and development, coal and lithium sources operations, and industrial development would be further enhanced through substantial policy support and the injection of related projects and capital by the Yunnan government. The financing landscape of Yunnan has witnessed improvements and stabilization with a series of measures by the Yunnan government aiming at mitigating the debt burden and refinancing risks of local LIDCs, along with a decrease in regional credit risk events.

**Rating Sensitivities**

We would consider downgrading YEIG’s rating if (1) there is a perceived weakening in support from the Yunnan government, particularly due to its reduced strategic importance with diminished government functions, or (2) there is a significant reduction of the Yunnan government’s ownership of YEIG, or (3) there is a downgrade in our internal credit assessment on the Yunnan government.

We would consider upgrading YEIG’s rating if (1) there is strengthened support from the Yunnan government, or (2) there is an upgrade in our internal credit assessment on the

Yunnan government, or (3) there is a continuing demonstration of the strengthening of YEIG's strategic importance in Yunnan.

### **About Lianhe Global**

Lianhe Global is an international credit rating company that provides credit ratings to corporations, banks, non-bank financial institutions, local government financing vehicles, and other asset classes around the globe. Lianhe Global also provides credit risk research and other services related to credit ratings.

### **Rating Methodology**

The principal methodology used in this YEIG's rating is Lianhe Global's China Local Investment and Development Companies Criteria published on 5 December 2022, which can be found at the website [www.lhratingsglobal.com](http://www.lhratingsglobal.com).

**Note:** The above Issuer/Issuance Credit Ratings are solicited at the request of the rated entity or a related third party.

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